GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2167
ANSWERED ON:11.12.2015
Value of Indian Rupee
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Will the Minister of FINANCE be pleased to state:

(a) the impact of appreciation and depreciation of the value of Rupee against the dollar on the Indian economy, sector-wise;
(b) whether there has been a fall in the value of Indian Rupee against the dollar;
(c) if so, the details thereof during the last three years and the current year; and
(d) the steps taken by the Government to arrest the decline of the value of Rupee against the dollar?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a) The impact of exchange rate appreciation or depreciation of Indian Rupee against the dollar on different sectors of Indian economy depends on a number of factors like elasticity of exports and imports, import intensity of exports, relative prices of domestic and global products, etc. The softening of international commodity prices, particularly crude oil prices, notwithstanding the moderate nominal depreciation, will have favourable impact on the value of imports, trade and current account balances as well as macroeconomic stability. While there is a depreciation of the rupee vis-Ã -vis US dollar in nominal terms, the impact on the economy is best assessed by the real effective exchange rate (REER) which is defined as a weighted geometric average of nominal exchange rates of the home currency in terms of the foreign currencies adjusted for relative price differential. In terms of REER, there has been an appreciation of 3.7 per cent in 2015-16 (April-October) compared to 2014-15 (April-October).
(b & C)The average annual exchange rate of the rupee depreciated from Rs. 54.4 per US dollar in 2012-13 to Rs. 60.5 in 2013-14 and further to Rs. 61.1 in 2014-15. In the current fiscal 2015-16 (April-November), the average monthly exchange rate of rupee (RBI's reference rate) was Rs. 64.6 per US dollar.
(d) The exchange rate of the rupee is by and large market determined. The Government and the RBI are closely monitoring the emerging external position including exchange rate of the rupee in nominal and real terms and on an on-going basis calibrating policies or regulations to support robust macroeconomic outcome.